

**REPORT OF THE AUDIT OF THE  
FULTON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Harold Garrison, Fulton County Judge/Executive  
Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

The enclosed report prepared by Percy and Gray, PSC, Certified Public Accountants, presents the statement of revenues, expenditures, and excess fees of the County Sheriff of Fulton County, Kentucky, for the year ended December 31, 2003.

We engaged Percy and Gray, PSC to perform the audit of this statement. We worked closely with the firm during our report review process; Percy and Gray, PSC evaluated the Fulton County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDIT OF THE  
FULTON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2003**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FULTON COUNTY SHERIFF**

**For The Year Ended  
December 31, 2003**

Peercy and Gray, PSC has completed the Fulton County Sheriff's audit for the year ended December 31, 2003. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting described in Note 1.

#### **Financial Condition:**

Excess fees decreased by \$2,380 from the prior year, resulting in excess fees of \$1,243 as of December 31, 2003. Revenues decreased by \$20,041 from the prior year and expenditures decreased by \$17,661.

#### **Report Comments:**

- The Fourth Quarter Report Did Not Foot And Did Not Agree To The Cash Receipts And Cash Disbursements Ledger And Published Financial Statement In Accordance With KRS 43.075 And KRS 68.210.
- The Sheriff Did Not Publish The Annual Settlement Within Sixty Days After The Close Of The Calendar Year In Accordance With KRS 424.220 (6)

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS .....	3
NOTES TO FINANCIAL STATEMENT .....	6
COMMENTS AND RECOMMENDATIONS .....	11
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	15



***Kevin P. Peercy, CPA***

***Linda Gray, CPA***



The Honorable Harold Garrison, Fulton County Judge/Executive  
Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Sheriff of Fulton County, Kentucky, for the year ended December 31, 2003. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Sheriff for the year ended December 31, 2003, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2004, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Honorable Harold Garrison, County Judge/Executive  
Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court  
(Continued)

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following report comments:

- The Fourth Quarter Report Did Not Foot And Did Not Agree To The Cash Receipts And Cash Disbursements Ledger And Published Financial Statement In Accordance With KRS 43.075 And KRS 68.210.
- The Sheriff Did Not Publish The Annual Settlement Within Sixty Days After The Close Of The Calendar Year In Accordance With KRS 424.220 (6)

This report is intended solely for the information and use of the County Sheriff and Fiscal Court of Fulton County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Percy and Gray, PSC".

Percy and Gray, PSC

Audit fieldwork completed -  
November 12, 2004

FULTON COUNTY  
ROBERT HOPPER, COUNTY SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2003

Revenues

Federal Grants		\$	2,192
State - Kentucky Law Enforcement Foundation Program Fund			9,075
State Fees For Services:			
Finance and Administration Cabinet	\$	15,305	
Cabinet For Human Resources		1,221	
Security Service		17,301	
Bond Reimbursement		51	33,878
Circuit Court Clerk:			
Fines and Fees Collected	\$	2,685	
Court Ordered Payments		500	3,185
Fiscal Court			36,169
County Clerk - Delinquent Taxes			1,345
Commission On Taxes Collected			90,182
Fees Collected For Services:			
Auto Inspections	\$	4,375	
Accident and Police Reports		42	
Serving Papers		10,582	
Carrying Concealed Deadly Weapon Permits		705	
Fine/Fees Collected - Other Counties		114	15,818
Other:			
Add-on Fees	\$	12,445	
Mental Health		615	
Miscellaneous		1,444	14,504
Interest Earned			441
Borrowed Money:			
State Advancement			35,411
Total Revenues		\$	242,200

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY  
 ROBERT HOPPER, COUNTY SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2003  
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 58,190
Part-Time Salaries	6,346
Overtime	5,881
KLEFPF	9,169

Employee Benefits-

Training Fringe Benefit (HB810)	3,036
---------------------------------	-------

Contracted Services-

Computer Service	250
------------------	-----

Materials and Supplies-

Office Materials and Supplies	5,373
Uniforms	457
Computer Service	1,221
Law Enforcement Supplies	7,702

Auto Expense-

Maintenance and Repairs	48
Mileage	32,188

Other Charges-

Conventions and Travel	4,429
Telephone	3,475
Postage	1,607
Bond	258
Carrying Concealed Deadly Weapon Permits	495
County Fees	1,814
Executions	500
Miscellaneous	872

Debt Service:

State Advancement	<u>35,411</u>
-------------------	---------------

Total Allowable Expenditures (Carried forward) \$ 178,722

FULTON COUNTY  
ROBERT HOPPER, COUNTY SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2003  
(Continued)

Total Allowable Expenditures (Brought forward)	\$ 178,722
Net Revenues	\$ 63,478
Less: Statutory Maximum	59,199
Less: Incentive Pay	<u>3,036</u>
Excess Fees Due County for 2004	\$ 1,243
Payments to Fiscal Court - April 5, 2004	<u>1,243</u>
Balance Due Fiscal Court at Completion of Audit	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

Kentucky Revised Statute (KRS) 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Sheriff as determined by the audit. KRS 134.310 requires the County Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2003 services
- Reimbursements for 2003 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2003

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2003  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems.

This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent for the first six months of the year and 7.34 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2003, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

Note 4. Drug Forfeiture Fund

In April 1990, The Fulton County Sheriff's Office received funds from the sale of assets seized as a result of various drug arrests and created the Fulton County Drug Fund. This fund is to be used for the prevention of drug abuse in Fulton County. As of January 1, 2003, the Drug Forfeiture Fund had a balance of \$5,720. During 2003, there were receipts of \$10,166 and disbursements of \$1,896, leaving a balance of \$13,990 as of December 31, 2003.

THIS PAGE LEFT BLANK INTENTIONALLY

## COMMENTS AND RECOMMENDATIONS



FULTON COUNTY  
ROBERT HOPPER, COUNTY SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2003

STATE LAWS AND REGULATIONS:

The Fourth Quarter Report Did Not Foot And Did Not Agree To The Cash Receipts And Cash Disbursements Ledger And Published Financial Statement In Accordance With KRS 43.075 And KRS 68.210

---

KRS 43.075(3) and KRS 68.210 require the Sheriff maintain accurate records in accordance with the Uniform System of Accounts. When the fourth quarter financial statement was compared to receipts and disbursements ledger, we found the cash disbursements did not foot. Also, the amounts recorded in the cash receipts and cash disbursements ledgers did not agree to the amounts on the fourth quarter financial statement and the published financial statement.

We recommend that the fourth quarter report be footed and cross-footed by another individual before submittal and that the cash receipts and cash disbursements ledger be reconciled quarterly to all financial reports be reconciled and that the published financial statement be reconciled to the fourth quarter financial report.

*Sheriff's Response:*

*Will try and comply, bookkeeper was new the last quarter.*

The Sheriff Did Not Publish The Annual Settlement Within Sixty Days After The Close Of The Calendar Year In Accordance With KRS 424.220(6)

---

KRS 424.220(6) requires the publication of the annual settlement within sixty (60) days of the close of the calendar year. The settlement was published on April 7, 2004, ninety-eight days after the close of the calendar year.

We recommend the Sheriff publish the annual settlement within sixty days of the close of the calendar year

*Sheriff's Response:*

*No response.*

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



***Kevin P. Peercy, CPA***

***Linda Gray, CPA***



The Honorable Harold Garrison, Fulton County Judge/Executive  
Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Fulton County Sheriff for the year ended December 31, 2003, and have issued our report thereon dated November 12, 2004. This was a special report on the County Sheriff's financial statement prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fulton County Sheriff's financial statement for the year ended December 31, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Fourth Quarter Report Did Not Foot And Did Not Agree To The Cash Receipts And Cash Disbursements Ledger And Published Financial Statement In Accordance With KRS 43.075 And KRS 68.210.
- The Sheriff Did Not Publish The Annual Settlement Within Sixty Days After The Close Of The Calendar Year In Accordance With KRS 424.220(6).

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fulton County Sheriff internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Percy and Gray, PSC".

Peercy and Gray, PSC

Audit fieldwork completed -  
November 12, 2004

